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15th Legislative Assembly of the Northwest Territories

Standing Committee on Governance and Economic Development

Report on the Review
of the 2004-2005 Draft
Main Estimates

Chair: Mr. Paul Delorey

105-00515/

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Northwest Territories Legislative Assembly
Standing Committee on Governance and Economic Development

MAR 19 2004

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Governance and Economic Development is pleased to provide its Report on the Review of the 2004-2005 Main Estimates and commends it to the House.

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STANDING COMMITTEE ON GOVERNANCE AND ECONOMIC DEVELOPMENT REPORT ON THE REVIEW OF THE 2004-2005 DRAFT MAIN ESTIMATES

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Standing Committee on Governance & Economic Development Report on the Review of the 2004-2005 Draft Main Estimates

Introduction

The Standing Committee on Governance and Economic Development (GED Committee) met from February 19 to February 25, 2004 to review the 2004-2005 Draft Main Estimates. The GED envelope includes the following departments, Municipal and Community Affairs (MACA), Resources, Wildlife and Economic Development (RWED), Transportation (DOT) and Public Works and Services (PWS).

General Comments

Corporate Capital Planning Process

The Government's Corporate Capital Planning process or CCP continues to be a concern of the Standing Committee on Governance and Economic Development. Despite concerns raised by previous Committees, the Government does not appear to have made any changes to the process. The criteria for prioritizing projects remains the same. The evaluation process continues to be done by the Capital Review Committee, which is entirely comprised of Deputy Ministers.

The Committee has the following concerns with the CCP, which are similar to those of its predecessor in the 14th Assembly:

1. The prioritization process, which is lead by the protection of people and protection of assets unfairly penalizes less developed and less populated communities.

2. Cost overruns on large projects, a lack of adherence to maximum construction costs in some cases, and major increases to the scope of existing projects have the potential to impact funding and timelines for other projects. Members are concerned there may be an incentive for contractors to purposely bid low if they are led to believe by past practices that overruns will be approved later.

3. The membership of the Capital Review Committee is made up entirely of Deputy Ministers. Regional representation on the Capital Review Committee is non-existent.

Travel

Departments were asked to cut their travel budgets by 25% as part of a Government wide reduction of expenditures. From the travel expenditure reductions, the Standing Committee noted some Departments still have enormous travel budgets even after the cuts. For example, RWED's 25% travel reduction amounted to $695,000.

The Committee believes further savings are possible. Suggestions from Members included using Standing Offer Agreements, centralizing southern travel arrangements (within existing resources), limiting the number of staff and entourage attending meetings and conferences, and making more use of telephone and videoconferencing.

Members also noted that because travel is included in "other expenses" the Main Estimates do not identify specific travel budgets. The Committee understands that all travel needs cannot be forecast a year in advance and that managers need some flexibility to allocate their operations and maintenance budgets in response to needs that arise throughout the year. However, Members believe it should be possible to achieve greater transparency and accountability by instituting regular reports on all southern and international travel. Such reports would be a useful tool not only for the Committee, but also, one would hope, for Ministers and senior managers.

> ***The Standing Committee on Governance and Economic Development recommends the Government establish regular reporting of all southern and international travel.***

New Positions

Members noted increases to headquarters positions in some Departments. For example, in RWED, there is an Assistant Deputy Minister position that isn't on the organization chart, and a new Director of Informatics position. MACA has an overall increase of 5 headquarters positions.

New positions are of particular concern both because of ongoing costs, and because once positions are filled with permanent employees, it is difficult and expensive to cut positions later if priorities change. For this reason, the Committee would strongly urge Departments to find money from within to fund any new priorities that require new positions, perhaps by cutting initiatives that are no longer as high a priority.

The Committee would suggest that if there are going to be position increases, an effort should be made to locate them in the regional offices instead of Yellowknife.

Finally, given our current fiscal outlook, the Committee would urge the Government to consider a freeze on new positions until the financial forecast is brighter.

Duplication of Functions

Committee Members noted several apparent duplications of functions and would encourage Government to address these areas to realize some cost savings.

Some examples include:

- MACA's Community Governance Division, which appears to overlap and duplicate some Aboriginal Affairs activities;
- some Departmental information technology functions which have not been merged with the Technology Service Centre; and
- the records management functions in Departments, which could perhaps be better coordinated across Government.

Other specific examples are explained in more detail later in this report under the appropriate sections for each Department.

Accountability

As discussed earlier under travel, managers have the ability to move funding around between different categories of "other expenses", such as travel, contracts, materials and supplies. The Government is also able to reallocate surplus compensation and benefits funding resulting from vacant positions to "other expenses". The Committee recommends that in order to save costs, Departments discontinue the practice of using funding from vacant positions for other initiatives.

The Committee would welcome further discussion on whether the current financial administration guidelines provide the right balance between accountability and transparency on the one hand, and allowing managers to manage on the other.

The Committee also has some concerns with inconsistencies in how some Departments report certain expenditures, as this makes it difficult to evaluate program costs. Specific examples of this are:

- PWS and FMBS computer charge backs; and

- How compensation and benefits for different programs are presented in the Main Estimates. This is further elaborated on under PWS-Compensations and Benefits.

Finally, the Committee would like to see a line item in the Departments' budgets specifically for travel in order to better understand the magnitude of these expenditures .

Department of Municipal and Community Affairs

The mandate of the Department of Municipal and Community Affairs (MACA or Department) is to provide community governments with the support to deliver public programs and services essential to sound community life, to assist with the development and maintenance of community governments, and to provide the resources necessary to achieve community goals.

The Standing Committee on Governance and Economic Development met with the Minister of Municipal and Community Affairs and his staff on February 19, 2004 to review the Department's Draft Main Estimates for 2004-2005.

Property Assessment Positions

MACA is requesting forced growth funding of $495,000 for three new property assessment positions which it advises are needed in order to clear a backlog. The Department estimated that additional property tax revenues resulting from completed assessments could amount to $3 to $4 million per year. The Committee is concerned that this will be an ongoing expense for the Department in future years and there does not appear to be a joint strategy between MACA and Finance, which is responsible for setting mill rates and collecting property taxes, to ensure additional revenues will be sufficient to make this investment worthwhile. In any case, it will be some time before the revenue is even sufficient to offset the assessment costs. Members noted the following specific concerns:

- There are no apparent plans to prioritize the assessment of high revenue potential properties, such as resource development properties over lower revenue potential properties, such as residences;
- There is a backlog of assessment appeals, the outcome of which could impact on assessment values and consequently property tax revenues;
- There are no apparent plans to collect tax arrears more aggressively;

- Other alternatives to assessments may be possible for some properties, for example, MACA could look at indexing older properties with established assessments instead of reassessing them.

The Department also advised the Committee that they have attempted to address some of the backlog by contracting the work to the private sector, but have had difficulty finding enough contractors for all the work. Considering that private contracts are often more lucrative than salary and benefits, Members are skeptical that the Department will be successful in recruiting three full time assessors.

The Standing Committee recommends that funding for three new property assessors be taken out of the 2004-2005 Main Estimates.

The Committee would be pleased to reconsider this proposal during the next business plan reviews if MACA and Finance are able to come forward jointly with a strong business case for investing in additional property assessment resources.

Community Financial Services

The Standing Committee noted the large increase in this Division's other expenses. The Department explained the increases were made in response to recommendations from the Auditor General that MACA improve its financial advice to community governments because so many communities were running deficits. The Committee was advised that the funds have largely been spent hiring contractors to assist communities. For example, communities often have difficulty recruiting and retaining senior administrative officers and financial officers, and need temporary replacements for these positions.

The Standing Committee suggested that services could be provided more cost-effectively by using Departmental staff rather than contractors.

The Standing Committee also suggested that the School of Community Government should increase its efforts to train people committed to staying in the communities so that there would be less of a turnover problem. The Standing Committee also warns it is important bad management practices not be seen to be rewarded additional resources are made available to communities in financial difficulty.

Transfer of Commissioners' Land to Communities

The Standing Committee advised the Minister of their concerns about delays in transferring Commissioner's lands to municipal governments, particularly in the Inuvik and North Slave regions. These delays are placing limitations on

development. The Minister acknowledged the need to rectify this problem, although it is not entirely within MACA's control to do so. The Department indicated it has hired a consultant to review its lands policies, which may provide some assistance. The Committee recommends that MACA take a leadership role in simplifying and expediting the transfer process within all existing policies.

The Standing Committee will continue to monitor this issue.

Arctic Winter Games

The Committee is aware that the Arctic Winter Games International Committee has a policy in place until 2010 that it will not consider bids involving more than one host municipality. Members see this policy as unfair to smaller communities and requested that the Department continue to work on this issue and do what it can to influence the International Committee.

Youth Programs

The Standing Committee is concerned that there is a Minister Responsible for Youth but that the funding for Youth programs is included within MACA's budget. This creates confusion about where funding applications should be directed and does not serve the public well.

The Standing Committee looks forward to seeing this situation resolved by the Premier as soon as possible.

Planning Act

The Standing Committee was pleased to learn that MACA is undertaking a review of the *Planning Act* in cooperation with the NWT Association of Communities in order to address many longstanding concerns with the outdated Act.

Squatters

The Standing Committee was advised that the Department is working with the Akaitcho Territory and Canada on a common approach to dealing with squatters in the Yellowknife area. As part of this effort, the Department has developed a database to track who is living on the Ingraham Trail.

Members were pleased to hear of the progress on this issue and look forward to further updates.

Performance Measures for Grants and Contributions

The Standing Committee noted that the MACA budget includes significant Grants and Contributions. While the Department monitors the financial management of community governments quite closely, the Committee believes the Department could do more to develop performance measures to ensure value and accountability.

Maintenance of Community Infrastructure

Members have noted that while significant dollars are invested into community infrastructure, the resources are not always put into maintenance and upkeep. Members gave examples of community facilities being allowed to deteriorate resulting in a need for expensive repairs.

The Minister acknowledged this is a concern, and advised that the Department is training the Recreation Facility Managers to work with coordinators to work towards better maintenance programs. The Committee looks forward to update the success of this initiative.

Land for Access Road from Highway 3 to Kam Lake

The Committee was advised that discussions are taking place at the staff level between the City of Yellowknife and MACA to address the matter of land availability to develop an access road from Highway 3 to Kam Lake. Members look forward to hearing of further progress on this issue.

Duplication of Functions

Committee Members noted several apparent duplications of functions and would encourage Government to consider whether addressing these areas could save costs. The Community Governance Division appears to overlap and duplicate some Aboriginal Affairs activities. The Sport and Recreation Division needs to be streamlined and thought needs to be given on how it will work with the new NWT Council of Sport and Recreation Partners and whether some resources should be transferred out of the Department. In terms of Community Preparedness, there is also duplication with MACA and RWED on the pipeline development.

Members were pleased to hear that the Department has given consideration to the Deloitte and Touche report that recommends dismantling MACA. The Committee understands, however, that the NWTAC had opposition to the total dismantling. The Committee would like to suggest that even if dismantling the

Department altogether is not an option, there is an opportunity to deal with some of the specific duplication issues mentioned in that report. Committee Members hope to see changes in the next business plan.

Department of Resources, Wildlife and Economic Development (RWED)

The Standing Committee on Governance and Economic Development met with the Department of Resources, Wildlife and Economic Development (RWED) on February 20, 2004 to review the draft 2004-2005 Main Estimates.

RWED promotes economic self-sufficiency through the sustainable development of natural resources and enhances the creation of sustainable opportunities in the traditional and wage economies. RWED also promotes sustainable development through the management and protection of the quality, diversity and abundance of natural resources and the integrity of the environment.

Development of the Renewable Resource Sector

The Standing Committee continues to be concerned with the convoluted regulatory processes affecting the renewable resource sector. The barriers to development seem to be increasing and becoming more cumbersome rather than decreasing. The Committee encourages the Department to identify all of the regulatory processes and simplify them where possible. The Committee will continue to monitor this issue.

The Committee would also like to see RWED develop marketing initiatives for the fishing, forestry and the harvesting of animals and animal products like wool. RWED should assist communities in developing their natural resources. The Committee proposed that Renewable Resource Officers, for instance, could have an expanded role and perform more developmental and educational tasks. The Committee looks forward to an update on progress in this area at the time of draft Business Plan reviews.

As an example of how this sector has been neglected over the years, the Committee is aware that a healthy bison herd at Hook Lake has been established and is growing, but there does not appear to be any plan for the future of that herd. The Committee urges RWED to address this gap.

Economic Diversification

The Committee was concerned that oil, gas and mineral development might overshadow the smaller industries in the communities such as arts and crafts, hunting and trapping, tourism, fishing, forestry and agriculture. Members are pleased to hear that the Department strongly supports diversifying economies within the regions and hope to see actions associated with their comments .

The Committee was also concerned about support for the manufacturing industry in the NWT. The Minister replied that RWED is currently preparing a response to the report prepared by the Business Advisory Council on manufacturing and value added industries. The Committee looks forward to reviewing the Department's response to this report.

Legislation

Travel and Tourism Act

The Standing Committee commented that the tourism industry, for quite some time, has been waiting on regulations which when revised will allow them to go to a one license system. Currently there are two licenses, the Outfitter's License and the Tourism Establishment License that are required. The Committee was pleased to hear that these regulations will be brought in September.

Waste Reduction and Recovery Act

The Standing Committee inquired as to the status of the beverage container recovery program. The Committee was pleased to hear that RWED expects to have this program up and running for September of this year after the regulations have been developed and stakeholders have been consulted.

The Species at Risk Act and the Wildlife Act

The Standing Committee was pleased to learn that RWED expects to table the *Species at Risk Act* later this spring and also hopes to table a new *Wildlife Act* in the Fall .

NWT Business Development Investment Corporation

In 2003/04 there were plans to combine the NWT Development Corporation and the Business Credit Corporation (BCC) to form the new NWT Business Development Investment Corporation (BDIC). These institutions are responsible for managing the Business Development Fund, Small Business Grants, Community Transfer Initiatives and the Community Futures Program. However,

the NWT Business Development Corporation and the NWT Development Corporation are still separate entities.

The 14th Assembly did not have time to consider legislation needed to amalgamate the two corporations. The Department reports that legislation is pending and could probably be introduced in June. The Department also intends to do more work on the structure of the programs to be delivered by the Corporation.

The Standing Committee has written to RWED requesting a presentation on this initiative as soon as possible. The Committee is disappointed that the Department delayed the presentation on this very important issue until after the conclusion of this session.

If this initiative is to proceed, the Committee expects to see cost savings and a streamlining of programs through a single window delivery model. The Committee is also looking forward to discussing how this new institution might further foster investment in the Northwest Territories and what the possibilities are for incorporating the Credit Union Act.

Pipeline Unions

Some Members have heard that in Calgary it is being said that anyone who wants a job in pipeline construction will have to meet union standards. Members are concerned northern workers could be excluded from the benefits of pipeline construction and want to see them have access to all positions both at the senior and entry levels.

The Committee was pleased to hear that the Department is working with the Department of Education, Culture and Employment on certification and training programs. The Department also indicated it will take this issue under consideration in negotiating socioeconomic agreements.

The Committee would like to urge the Government to seek legally binding obligations in this area given the importance of northern workers having access to pipeline jobs.

Assistance to Northern Communities

Members have observed that communities do not always seem to have information about what resources are there to help them take advantage of oil and gas opportunities. Industry in some cases is not recognizing that there are land claims agreements in place that have to be respected. Communities are frustrated because they do not have the expertise internally to make

presentations and submissions at the many regulatory hearings and to negotiate with industry on a level playing field.

The Committee would like to recommend that a ministerial lead joint committee be set-up to raise the visibility of the Government's initiatives that will help communities realize the benefits from the pipeline.

With regards to the Mackenzie Valley Development Project the Committee noted that an ADM level position heads up this initiative for RWED but does not appear on the Organization Chart.

The Committee recommends that this position and associated resources be relocated from Yellowknife to a community such as Fort Simpson or Inuvik that is actually on the pipeline route.

New Positions

The Department has added a Director of Informatics position. The Department explained that the reason for the creation of this position is to support the implementation of the Knowledge Management Strategy and the development of RWED's Informatics Strategic Plan. RWED has also consolidated its Information Management/ Information Systems resources by amalgamating the Information Systems section and the NWT Centre for Remote Sensing into the Informatics Division. RWED has also moved its Records Management position into this division.

The Committee would like to recommend in order to save costs that these functions could be further consolidated under Systems and Communications, Department of Public Works and Services .

NWT Arctic Tourism

This year's Main Estimates propose that NWT Arctic Tourism (NWTAT) will again receive $1.8 million in funding. Members noted this organization has not seen an increase in their funding for quite some time. The Canadian Tourism Commission has changed the way it is marketing and this may force the NWTAT to increase its expenditures for advertising the NWT. The Committee is pleased that RWED is aware of this situation and will continue to monitor it.

The Committee was also pleased to hear that RWED supports this organization and also thinks that it does a good job. However, the Committee is concerned that the NWTAT has only four staff members and suggests that RWED review the function of their Parks and Tourism division for duplication of services and perhaps reallocate resources to the NWTAT.

Arctic Energy Alliance

Members questioned the value for money of funding this organization and were concerned that there was a duplication of service between this organization and that of the Power Corporation. Members would like to recommend that if there is duplication of services that perhaps the funding for this organization be transferred to the Power Corporation.

Fire Suppression

The Department tenders fire suppression contracts on a region by region basis. The Committee asked the Department if costs could be saved by tendering territorially. The Committee also asked what would the cost difference between tendering regionally and tendering territorially be to the end product. The Department responded that there are no cost savings to be had by changing how Fire Suppression Helicopter contracts are tendered. The tenders are public tenders open to qualified helicopter operators across the territories.

RWED does not tender for multiple rotary winged aircraft. An individual tender is for the supply of an individual helicopter based at a specific location for a number of days/hours per season. However, the terms of the contract require that the helicopter be operated anywhere in the Territories or in Canada under the Mutual Aid Resources Sharing (MARS) Agreement.

In the 2004 fire season RWED will have 5 contracts in place for helicopter services on a long-term (multi-season) basis.

Department of Transportation

The Department of Transportation provides for the safe, accessible and reliable movement of people and goods throughout the Northwest Territories.

The Standing Committee on Governance and Economic Development met with the Minister of Transportation and his staff on February 23, 2004 to review the Department of Transportation's Draft Main Estimates for 2004-2005.

Corridors for Canada Funding Proposal

The Committee had some concerns with regards to two components of the Corridors for Canada Funding Proposal: the proposed improvements to Highway 4 (the Ingraham Trail) and funding for the Bear River Bridge project. They both are being paid for through a 50/50 cost share funding arrangement between the

GNWT and the federal government under the Canada Strategic Infrastructure Funding (CSIF) program.

The Minister advised that the Ingraham Trail was chosen because of the traffic volumes on the road, the number of accidents, and the high traffic from resource development. The Ingraham Trail has the third highest traffic volume in the NWT, exceeded only by Highways 2 and 3.

On the Ingraham Trail, Transportation has identified $3 million a year for the next 5 years, for a total of $15 million. This year, it is proposed that the $3 million will be spent on reconstruction of the section of road that goes from the Yellowknife River Bridge to just past the Dettah access road, and also on another section a few kilometers further down the highway.

The Committee is concerned that other roads have just as high traffic patterns as the Ingraham Trail, meet all the same criteria and yet are not receiving the same level of funding. The Committee asked the Department why they prioritized the Ingraham Trail over the Liard Highway. The Department of Transportation reports that $12 million over the next 5 years will be spent improving the structural capacity of the road and the driving surface on the Liard. The improvements will start at the B.C. border and work northwards.

According to the Department, the need to invest further in Highway 1 is being addressed in a number of ways, and a study underway by Transport Canada to project increases to traffic volume as a result of the proposed pipeline. The Department of Transportation hopes to use that study and obtain more funding.

Highway 2 has the 2nd highest volume of traffic in the NWT only received $400,000 in funding, last year.

The Committee has also inquired as to whether or not the Ingraham Trail is the intended to eventually become the long discussed all weather road into the Slave Geological Province. The Department of Transportation stated that this is not their decision to make.

The Committee is concerned that a lot of money is being committed to this road when the future of it is uncertain. The Committee would like to recommend that the Department determine the long-term plan for this road for the next business planning session.

Bear River Project

The Bear River Project is a part of the Mackenzie Valley Winter Road Bridge Program in the Corridors for Canada proposal.

The Department states that the plan of the Mackenzie Valley Winter Road Bridge Program is to construct permanent structures on all stream crossings between Wrigley and Fort Good Hope.

The Committee asked the Department why the Bear River crossing has been chosen over the Peel River crossing. The Department replied that the Bear was not chosen over the Peel. The Bear River crossing is one of the major bottlenecks on the winter road. Although a bridge across the Peel River would improve the level of service, there is no anticipated increase in economic development associated with its construction so long as a bottleneck exists on the Dempster Highway at the Mackenzie River. Also the Fort McPherson Gwich'in Council is investigating the feasibility of constructing a bridge under a public/private partnership arrangement.

Finally, the Committee inquired of the Department if it was their intention to construct an all weather road and what the long-term plan of this project is. The Department replied that the winter road season has steadily decreased. Over the last 10 to 15 years, the season has shrunk from 12 to as little as 7 weeks. The reduced access has caused problems for the oil and gas companies, local businesses the mobility of individuals .

In preparation of the 2005/2008 Business Plan, the Committee recommends that the Department indicate more clearly how the Mackenzie Valley Winter Road route was chosen. The Committee would also like to see how decisions were made between the federal and territorial governments to choose this particular route and provide a justification of costs given that the winter road season is only 12 weeks maximum.

Airport Projects

Norman Wells Airport

The Standing Committee noted that the cost of repairs to the Norman Wells Airport, originally projected at $3.6 million, has increased to $7.7 million, and requested an explanation from the Department. The Department replied that the $3.6 million was a Class "C" estimate performed early in 2003 during the development of the initial Airports Capital Assistance Program (ACAP) application. The $7.7 million was estimated for the final application and was a Class B estimate which included widening and lengthening of the existing taxiway, airport access road improvements and new floodlighting.

The Committee remains concerned about the cost increase.

Perimeter Fencing

The Committee also asked about the cost difference between the perimeter fencing projects at the Hay River Airport and Norman Wells airports. The Norman Wells project is almost three times the cost of the Hay River project. While the Committee understands that there is a difference in the scope of the work between Norman Wells and Hay River, they are still concerned that the total estimate for this fencing has gone from $182,000 to $ 410,000. The Committee would like the Department to consider if the most economical means are being used to construct the fence.

Yellowknife Airport

The Standing Committee asked about the tentative plans to move the Yellowknife Airport terminal building and runway, from their current locations to the west on the other side of the sand pits for an estimated cost of $120 million. The Committee is also concerned about the businesses that had established themselves in their current locations with the intention of being close to the airport and how the move would affect them.

The Department replied that the Yellowknife Airport Development Plan (ADP) has reviewed the existing traffic and the future demand over a 10-20 year horizon period and reached the conclusion that the existing Yellowknife Airport is reaching the limit of its capacity. The apron is congested and the level of safety is compromised as a result.

With regards to the Committee's concerns about what the move of the airport would do to the businesses who have built around the airport the Department of Transportation replied that there would be a Steering Committee made up of the various air carriers representatives and industry themselves would be asked to nominate representatives. The City of Yellowknife is also part of this Committee.

The Committee is concerned both about the funds that have already gone into renovations of the existing airport terminal and of the funds being spent on the studies and plans to move the airport to another location.

The Standing Committee has asked to be kept informed of any plans to move the Yellowknife Airport and has asked the Department to keep all of the stakeholders informed and engaged in further planning.

Delayed Project Funding

The Standing Committee was also concerned that the money scheduled for 2005-06 for the rehabilitation of the Yellowknife Airport runway surfaces was pushed back to 2007-08. The Department replied that the $3.7 million expenditure to resurface the Yellowknife airport runway has been pushed back

because of the realigning of priorities around the ACAP projects. Extension of the runway is not in the 5 year capital acquisition plan but is part of the longer term plan to expand the services of the airport.

Repatriation of the Licensing Function

From the 1970's to 1997, Driver and Vehicle License issuing was facilitated for Yellowknife by Department of Transportation staff and issuing in regional communities was administered through contracted issuers, usually bands and hamlets. From 1997 to 2002, the issuing service in Yellowknife was privatized and a new fee structure based on user pay was implemented.

In 2002, the licensing function was taken over again by the Department. Given that one of the Department's goals is to increase northern business employment opportunities in the public and private transportation sectors, the Committee was concerned that businesses appear to have been dissuaded from taking on the operations of motor vehicles licensing. The Department replied that in the interest of consistency in delivery of the service to the public, the DOT resumed the licensing function because qualified contractors could not be found in Yellowknife or in the regions.

The Committee was concerned that perhaps the Department was not offering enough money and was insisting on hours of operation that made it difficult for a small business to afford to run the licensing operation.

The Committee was further concerned that it is more expensive for the Government to hire staff for licensing than it would be for a private contractor. The Committee asked to see a breakdown of figures to privatize the licensing function and then repatriate the function under the Department again.

The Department hired 3 issuing agents at no additional costs for the GNWT. The Operations and Maintenance costs were $174 000 and the revenue from the service fee is $183,000.

The Committee would like to recommend that given the high cost of registering vehicles, if fees for licensing must be collected, that the Department find a way for them to be specifically designated for road improvements and not disappear into the Consolidated Revenue Fund.

Commercial Development Officer

The Department is proposing to hire a third Commercial Development Officer to negotiate, update and terminate approximately 300 airport leases that are currently outstanding. Once these leases are up to date the Department expects to see an $800,000 increase to revenues. The Committee suggested that this

job might be done more efficiently by a private agency and asked the Department to consider this matter before staffing the position. The Department committed to review this issue.

Commercial Vehicle Regulations Road Weight Restrictions

The Committee was concerned about the inequitable application of regulations and sporadic enforcement without prior notice to the community. A specific example of this is with regards to the weighing of gravel trucks hauling locally. The Committee has also been advised that now sewer trucks and water trucks will also be weighed. Often this enforcement can contribute to higher costs of services in the community. The Committee asked that the Department work with the communities to make them aware of enforcement changes. The Committee would also like to recommend to the Department that more communities have self weigh stations installed so that these regulations can be applied consistently across the NWT.

Seasonal Positions

The Committee wished to reinforce how important seasonal positions are to the regions. Seasonal work provides much needed training and hands on experience that is not available elsewhere. It also helps to support a traditional lifestyle by supplementing incomes from hunting and trapping.

Airport Security

The Committee discussed with the Minister the current lack of inspection of carry on luggage in Hay River and Inuvik prior to southbound flights. Members were pleased to hear the Department is working with the, Canadian Air Transport Security Authority (CATSA) to address this issue.

Department of Public Works and Services (PWS)

The Department of Public Works (PWS) designs, constructs acquires operates and maintains buildings, works and equipment and implements energy efficient projects in Government of the Northwest Territories' buildings and works required for the Government of the Northwest Territories to deliver its programs and services, provides a system of specialist services that enhance efficiency of government departments and makes essential petroleum products available for the sale to the public where these are not provided by the private sector.

The Standing Committee on Governance and Economic Development met with the Minister for the Department of Public Works and Services and his staff on February 24, 2004 to review the Department's Draft Main Estimates for 2004-2005.

Records Management

The Committee observed that 10-15 years ago the Government had a more coordinated approach to Records Management and that Government Services as a part of Public Works performed the records management function. Today all Departments have their own filing systems and their own records management staff. The Department responded that they have been working with the Departments to coordinate the services but that the Departments have not been given Cabinet direction to use PWS for records management.

The Committee recommends that the Government look at what can be done to better coordinate Records Management across Departments. The Committee would like to also recommend that Departments looks at storing records electronically in order to reduce warehouse operation costs.

Systems and Communications

The Committee inquired as to the relationship between the Technology Services Centre (TSC) and the PWS Systems and Communications Division. The Committee also asked about the long-term plan for these two related divisions.

The Minister replied that PWS deals with management and administration of the GNWT wide area network; management and administration of the Yellowknife municipal area network; computer processing of corporate and departmental business systems; management and administration of the GNWT email systems; operation and support of the GNWT web site; provision of GNWT internet access and administration.

The TSC deals with desktop computers, laptops and printers and local area network support, server operation for various departmental business systems.

The Committee understands that planning for the integration of Systems and Communications and TSC within the Department of Public Works and Services has already started. Implementation will take place over the coming year and the change will be reflected in the 2005-2008 Business Plan.

The Committee would like to encourage the Government to proceed with its plans to merge the TSC and Systems and Communications as soon as possible.

Compensation and Benefits

The Committee questioned the Department at length on the way it sets out compensation and benefits budgets in the Main Estimates. For instance, under the Systems and Communications Activity, only the Director's compensation and benefits are shown.

The compensation and benefits budget for the other staff is accounted for on the Systems and Communication Chargeback page . The rationale provided by the Department was that salaries of staff other than the Director are charged back to the clients.

Similarly, the Petroleum Products Activity does not include any compensation and benefits budget at all. Staff costs are shown instead under the Revolving Fund. The Department explained that this is because there are no appropriated funds for the Petroleum Products Activity.

Finally, some benefits for staff across the Department are listed under the Directorate rather than under the Activities with which the staff are associated.

The Committee is concerned that separating compensation and benefit costs from the Activities they are associated with makes it very difficult to know the full budget for those Activities.

> ***The Committee recommends that, beginning with the 2005-2008 draft Business Plans, the Department adopt a consistent practice for showing compensation and benefits costs that makes it clear which Activities those costs are associated with.***

Petroleum Products

The Petroleum Products Division purchases, transports and stores the annual requirements for petroleum products in communities not served by the private sector. There has been discussion in past years about whether PWS would

continue to provide these services or whether this function would be privatized. The Committee noted significant new tank farm projects in the infrastructure acquisition plan, and asked the Minister to confirm whether there is a new direction to abandon privatization. The Minister confirmed that there is direction from Cabinet not to proceed with any further privatization initiatives. The Minister also assured the Committee that the communities where tank farms are being replaced are not likely to be privatized because it is unlikely they could support viable commercial operations.

Removal of Fort Simpson Operations Manager Position

The Committee requested an explanation from the Department for the removal of the Fort Simpson Operations Manager position. The Department advised that the position has been moved to Yellowknife to train a person from Fort Simpson to eventually assume the role of Operations Manager in that community. The Department reassured the Committee that the position would remain in Fort Simpson. The Committee recommends that the Department prepare a time line for the training and transfer of this position back to Fort Simpson and recommends that all positions associated with the Petroleum Products Division be relocated from Yellowknife to its Headquarters in Fort Simpson.

Increased Cost of Tank Farms Replacements

The Committee questioned the Minister on the decision to go from retrofits, upgrades and addressing code deficiencies to replacing or spending upwards of $4 -$5 million on tank farms. The Minister replied that often conditions deteriorate between the time of estimates and evaluation. Once a proper evaluation is performed and repairs have to be made then code requirements and regulations play a role and replacements may be necessary. Where possible, the Department advised it prefers to limit projects to upgrades.

Liability and Site Clean-up

The Committee asked the Department to confirm if all the tank farms meet safety and environmental conditions and also if all of the decommissioned sites have been cleaned up. The Department replied that environmental site assessments and audits have been performed on every site including the old ones. The liabilities are known and PWS has a plan with RWED to address all of these areas in the long term.